

Message Text

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ACTION EUR-12

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E.O. 11652: NA

TAGS: ECON, XG

SUBJECT: TINDEMANS "WISE MAN" MEETING WITH U.S. MULTINATIONALS

SUMMARY: TINDEMANS, IN EC "WISE MAN" ROLE, HOLDS LUNCHEON MEETING WITH REPRESENTATIVES OF U.S. MULTI-NATIONAL CORPORATIONS TO HEAR THEIR IDEAS ON FURTHER INTEGRATION OF EUROPE. PARTICIPANT TELLS US THAT BUSINESSMEN DISPUTED TINDEMANS THOUGHT THAT PROGRESS TOWARD INTEGRATION PROGRESS DEPENDED ON NEW FIXED-RATE EXCHANGE SYSTEM. THEY CONTENDED FIRST PRIORITY SHOULD BE HARMONIZATION OF MACRO-ECONOMIC POLICIES PARTICULARLY BUDGETS. END SUMMARY.

1. IN LATEST OF HIS "WISE MAN" CONSULTATIONS, BELGIAN PRIME

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MINISTER TINDEMANS MET ON SEPTEMBER 11 WITH EUROPEAN DIRECTORS

OF SEVEN U.S. MULTINATIONAL COMPANIES TO OBTAIN THEIR VIEWS ON EUROPEAN UNITY. MEETING WAS HELD INFORMALLY OVER LUNCH IN HOME OF ONE OF BUSINESSMEN. COMPAINES REPRESENTED WERE MONSANTO, IBM, WARNER-LAMBERT, GNERAL MOTORS, CONTINENTAL CAN, CPC INTERNATIONAL, AND LAW FIRM OF CLEARY, GOTLIEB. DIRECTORS THEMSELVES ERE OF VARIOUS NATIONALITIES, U.S. BEING A MINORITY.

2. ONE OF BUSINESSMEN ATTENDING HAS TOLD US THAT MEETING WENT VERY WELL. DISCUSSION WAS LIVELY AND TINDEMANS APPEARED PLEASED WITH IT. THIS WAS REPORTEDLY IN CONTRAST TO PERFORMANCE OF TOP EXECS OF LARGE EUROPEAN COMPANIES IN SIMILAR MEETING SEVERAL WEEKS AGO WHICH PRIME MINISTER IS SAID TO HAVE CONSIDERED DISAPPOINTING. ACCORDING TO SAME SOURCE, TINDEMANS LED OFF MEETING WITH SHORT STATEMENT IN WHICH HE VOICED DETERMINATION THAT HIS "WISE MAN" REPORTW ILL NOT BE USUAL VAGUE CALL FOR FEDERATION WHICH WOULD NOT BE READ MUCH LESS HEDEED. HE SAID HE RATHER WANTS TO PRODUCE AGENDA AS SPECIFIC AS POSSIBLE FOR NEXT TEN YEARS.

3. FOLLOWING DISCUSSION REPORTEDLY REVOLVED AROUND THREE PRINCIPAL THEMES.:

A. EUROPEAN ECONOMIC INTEGRATION. TINDEMANS INDICATED HIS PERSONAL BELIEF THAT STABLE, FIXED EXCHANGE RATE SYSTEM MAY BE NECESSARY PRE-CONDITION TO FURTHER PROGRESS IN THIS AREA. BUSINESSMEN DISAGREED. THEY SAID THAT WHILE FLOATING RATES CAUSED THEM SOME DIFFICULITES, THEY COULD LIVE WITH THEM. ANY NEW SYSTEM OF FIXED RATES NOW WOULD INEVITABLY FALL APART BEFORE LONG. THEY WERE UNANIMOUS IN ADVISING TINDEMANS THAT FIRST PRIORITY AT THIS TIME IS BETTER COORDINATION OF NATIONAL MACRO-ECONOMIC POLICIES, PARTICULARLY BUDGETS. THEY ALSO STRESSED NEED FOR INCREASED ALIGNMENT OF TAX STRUCTURES AND RATES, AS MEANS BOTH TO HARMONIZE BUDGET RECEIPTS AND TO FACILITATE MOVEMENT OF CAPTIIAL AND GOODS BETWEEN INDIVIDUAL COUNTIRES.

B. "EUROPEAN COMPANY" BUSINESSMEN SAID THAT SINGLE CODE GOVERNING CORPORATE ESTABLISHMENT IN ANY EC COUNTRY WOULD BE USEFUL PSYCHOLOGICAL MOVE. PRACTICALLY, IT WOULD NOT MAKE MUCH DIFFERENCE, AT LEAST TO LARGE FIRMS. NOT SURPRISINGLY, THEY CAUTIONED THAT CODE, IF IT EVOLVES, SHOULD ESCHEW WEST GERMAN CONCEPTS OF LABOR-MANAGEMENT"CO-DETERMINATION" WHICH LIMITED OFFICIAL USE

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THEY REGARD AS CONFUSION OF ECONOMIC AND SOCIAL AIMS AND, IN ANY EVENT, NOT PRACTICAL IN COUNTREIS WITH STRONG LABOR UNIONS. C. FUTURE U.S.-EUROPEAN INVESTMENT FLOWS. BUSINESSMEN COM- PLAINED OF FAST-RISING WAGE COSTS THROUGHOUT EUROPE AND GAVE PM STATISTICS (TINDEMANS REPORTEDLY THANKED THEM FOR MATERIAL "WHICH WILL HELP ME WITH MY OWN LABOR UNIONS"). FURTHER, THEY GAVE THEIR OPINION THAT THE DOLLAR IS STILL UNDERVALUED BY TEN PERCENT AGAINST SNAKE CURRENCIES. CONSEQUENTLY, MORE AND

MORE PRODUCTS CAN BE PRODUCED MUCH MORE CHEAPLY IN THE U.S.
THEN IN EUROPE, THEY SAID, A TREND WHICH WILL THRETEEN FUTURE
AMERICAN INVESTMENT LEVELS IN THE EC IF PERMITTED TO CONTINUE.
ALL PARTIES INVOLVED, INCLUDING TINDEMANS, EXPRESSED STRONG
SUPPORT FOR INCREASED EUORPEAN INVESTMENT IN THE U.S.
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